Dreams may be closer than they appear

AGF Management Limited Annual Report 2000

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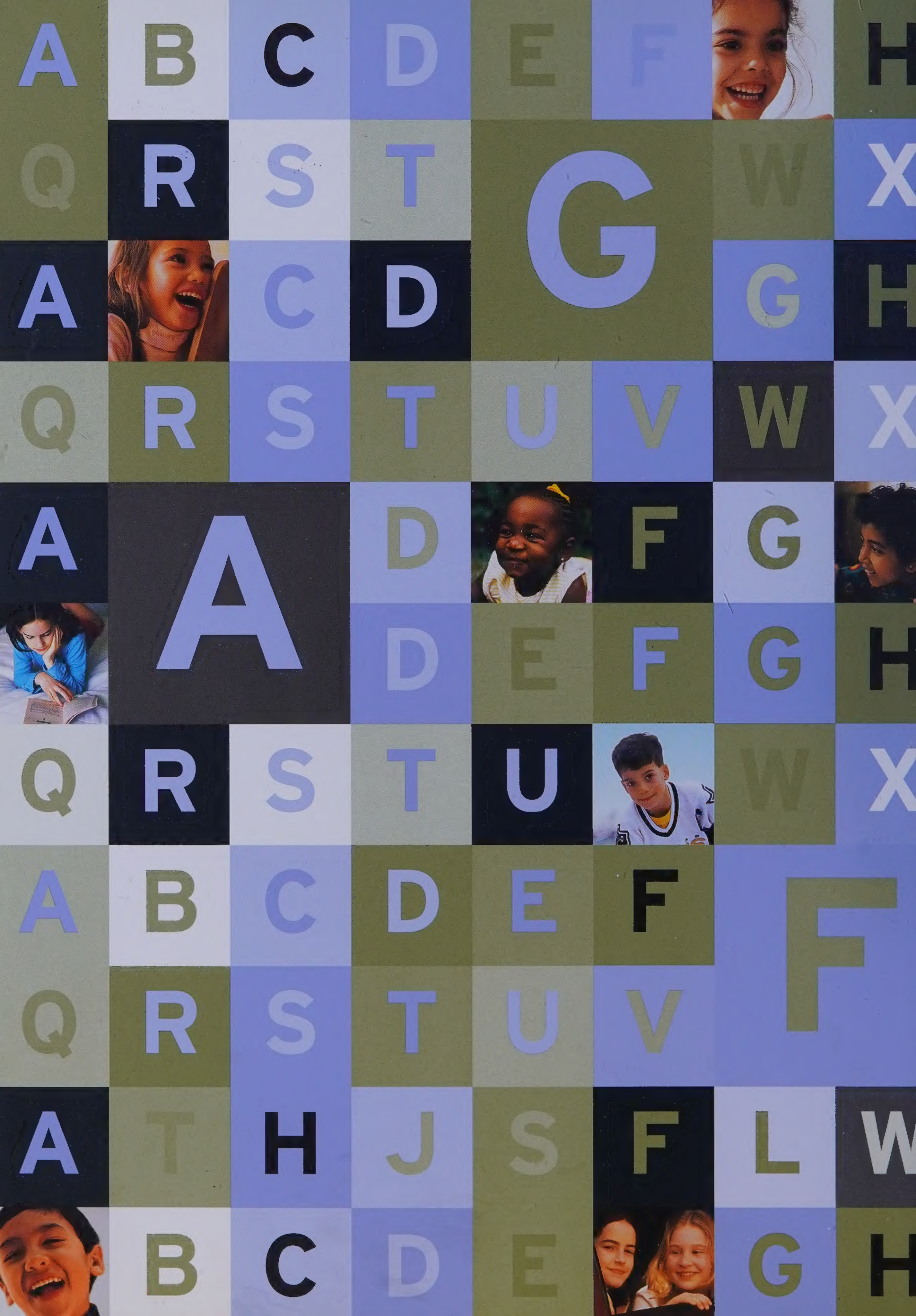


"What are you doing after work?" is our platform for more than a million dreams. AGF is committed to building on this foundation to help our more than one million investors and their financial advisors design the future and reach their dreams.

Optimism, joy and the unlimited potential of dreams describe the theme of this year's annual report. It's a glimpse into the world of spontaneous exploration and imagination of children.

There are no horizons too far. No idea too fantastical. Everyday we enter new worlds - as children, as adults, as seniors. It is through these journeys that we arrive at our most desired destinations. To make a dream requires the bright outlook of a child. To make a dream come true requires a plan to map the way.

Message from the Chairman

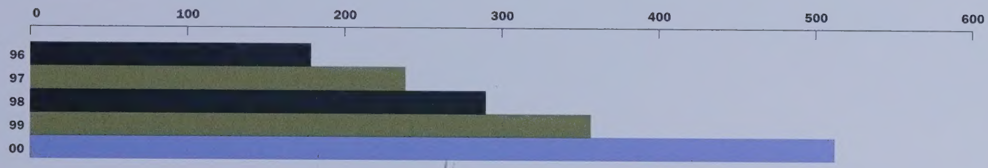
Endurance and innovation are the hallmarks of Canada's best organizations. In 2000, AGF stayed true to these traditions as we celebrated one of the most successful years in our 43-year history. As always, we look to the future but remain rooted by the values and priorities that motivate our clients and investors. I look forward to the coming year as we build on these accomplishments and continue to grow shareholder value.

C W Goldring

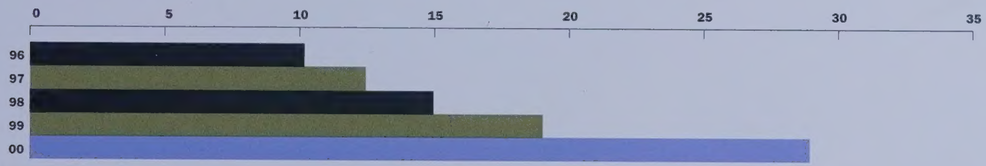
C. Warren Goldring
Chairman

2000 Financial Highlights

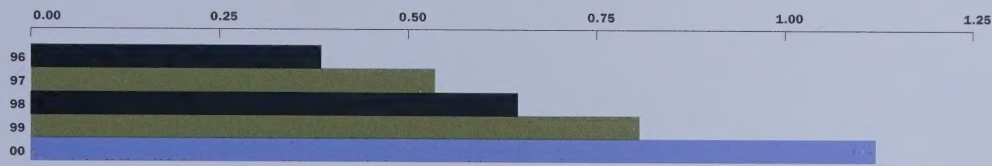
TOTAL REVENUE
millions of dollars



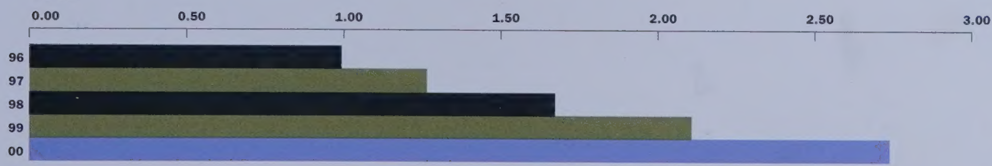
MUTUAL FUND ASSETS UNDER MANAGEMENT
billions of dollars



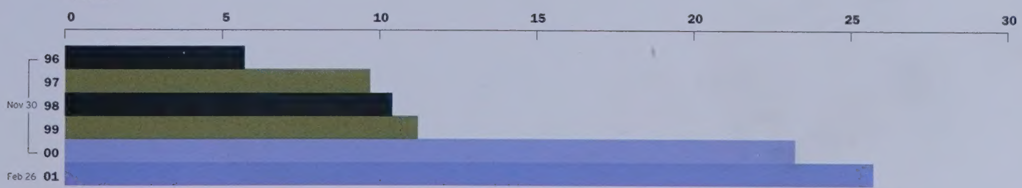
NET INCOME PER SHARE
dollars



CASH FLOW FROM OPERATIONS PER SHARE
dollars



SHARE PRICE PERFORMANCE
dollars



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Dear friends and fellow shareholders

It was an exceptional year at AGF as we achieved a fifth consecutive year of record growth and made moves to strengthen our business at home and abroad. Impressive financial performance, new acquisitions, global initiatives and innovative ventures give AGF a compelling story for the year 2000.

The strategy driving this success is best captured by our mission – to help investors and advisors reach their financial goals and dreams throughout their lives – and our vision – to be a global company with a Canadian home. These twin goals guide our business. And they unite in an integrated plan to explore new markets in the face of a maturing domestic industry and to ensure we have tailored products and services to keep our customers for life.

From this foundation, we are building dreams.

In this annual report we celebrate dreams in their earliest and most creative incarnation. We also demonstrate how our commitment to the dreams of all Canadians – and to making them real – makes us a strikingly different company in the marketplace.

AGF's Record Growth

This commitment is highlighted by our focus on six drivers that fuel AGF's growth. They include superior fund management, sales leadership, impeccable client services, powerful branding, global vision and the wealth management continuum. AGF is harnessing the power of these key strategies to deliver continued growth.

We have momentum. We have opportunity. And as we progress through 2001, AGF is making nimble moves to ensure that the company and our shareholders benefit from both.

In 2000, we met the objectives set out in last year's annual report by taking advantage of transformations in the industry through acquisitions, strengthening our ability to meet the needs of investors at every stage of their lives, and exporting our products and expertise to global markets.

We achieved a fifth consecutive year of record growth and made bold moves to strengthen our business at home and abroad.

AGF entered the century and millennium with the fifth consecutive year of record revenue, cash flow from operations and net earnings. This is an extraordinary achievement when viewed against the backdrop of volatile markets, an increasingly competitive environment, and integration costs incurred in connection with the acquisitions of Global Strategy Holdings Inc. and Magna Vista Capital Management Inc.

We exceeded our targets for mutual fund assets under management, which grew 52.4 per cent to $28.90 billion, and market share of the Canadian mutual fund industry, which increased to 6.98 per cent from 5.20 per cent in 1999.

By continuing to implement strong financial controls and enhanced expense accountability, we reduced selling, general and administrative costs for mutual fund operations. Expressed as a percentage of average assets under management, these costs were reduced by one basis point in 2000. Effective cost controls also benefited most investors in AGF funds with lower management expense ratios on 90 per cent of mutual fund assets.

Two Key Acquisitions

The highlight of the year was AGF's acquisition of 100 per cent of the outstanding shares of Global Strategy Holdings Inc., as well as our acquisition of Magna Vista Capital Management Inc. These were important moves that provided AGF with new opportunities to benefit from economies of scale and to streamline operations.

Along with $5.6 billion in assets under management, Global Strategy offered us complementary fund products, a fund management relationship with Rothschild Asset Management, enhanced distribution capabilities and access to a larger employee talent pool.

The combined success of these initiatives has generated healthy returns for our shareholders.

While the integration of Global Strategy will continue in stages through 2001, we quickly accomplished key tasks to retain assets and increase cash flow.

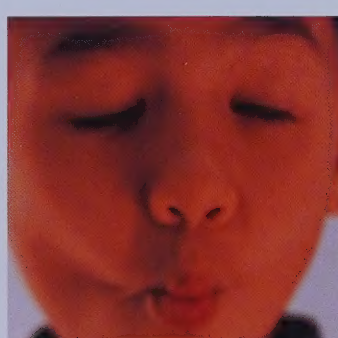
We reached an important milestone in January 2001, when our Information Services and Administrative Services teams completed the critical task of data integration between Global Strategy and AGF – all within an unprecedented two-month time frame. As a result, we are now able to offer clients the benefits of full transferability between the two families of funds and an expanded range of top-performing funds.

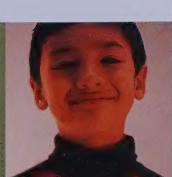
The acquisition of Magna Vista Capital Management Inc., a Montreal-based, high-net-worth investment management company, brought AGF an additional $1.6 billion in assets under management and gave new force to our mission to serve investors at all points in their lives along the wealth continuum. It also strengthens our growing business at AGF Private Investment Management and gives us an important new profile in the Quebec market.

Expanded Global Presence

With our total assets under management now exceeding $34 billion, AGF has the scale to establish a solid foundation in Canada and ensure the resources necessary to export our money management expertise into global markets.

During 2000, we took further steps to expand our global presence. We opened a branch office in Tokyo – the first Canadian mutual fund company to do so – and a representative office in Beijing. AGF also launched a reciprocal partnership with Sumitomo Life Insurance Co. to advise, manage and market specialized investment products.





We continue to implement strong financial controls and enhanced expense accountability.

Subsequent to year end, we raised our ownership stake in United Kingdom-based NCL (Securities) Limited, a high-net-worth investment management firm, to 38.3 per cent, and will increase ownership to approximately 44 per cent in 2002. Along with our investment advisory subsidiaries in Dublin and Singapore, AGF is putting in place the key elements to make good on our global promise.

Our global vision was further enhanced when AGF took a major stake in moneyworld Media Inc., an integrated financial media property. This initiative promotes our brand and is building revenues through an innovative television series broadcast on Global Television Network in North America, CNBC Asia and Nikkei Television in Japan, and a companion website at themoneyworld.com.

Measured Steps to Ensure Success

At home, we continued to expand our national sales coverage with the opening of a Calgary office in addition to our presence in Vancouver, Toronto, Montreal and Halifax.

During the year, other major subsidiaries, AdminSource Inc., AdminSource (UK) Limited, and AGF Trust Company, reported strong progress.

AdminSource Inc. exceeded targets with assets under administration approaching $10 billion and more than 500,000 third-party accounts.

AdminSource (UK) Limited, based in London, is steadily expanding the marketing of customized investment industry software and adding infrastructure to ensure the growth of its business.

AGF Trust Company grew total assets by 14.3 per cent to $178.8 million, and net investment income exceeded targets with growth of 25.8 per cent to $3.6 million. In 2001, AGF Trust Company will increase the availability of its Investment Loan Program to clients across Canada.

The combined success of these initiatives has generated healthy returns for our shareholders. The Class B Non-Voting AGF shares gained an impressive 110 per cent during calendar year 2000 – a result that clearly reflects the market's positive view of AGF's strong financial performance and corporate strategy. To recognize this progress, in August we completed a two-for-one stock split and increased the dividend by 25 per cent to reflect the higher earnings and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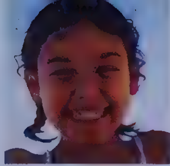


A growing team of financial advisors across Canada makes a vital contribution to the success of our company.

cash flow. In the current industry environment of rapid consolidation, increasing competitive pressures and rising costs, we will take measured steps to ensure consistent growth and success.

During 2001, we will integrate our new businesses and make progress on our global initiatives in the U.K. and Asia. As we proceed with the Global Strategy integration, we will introduce efficiencies to streamline operations that lead to lower costs for unitholders. We will continue to build on our commitment to take advantage of advanced technologies in order to improve operations and strengthen our relationships with advisors and clients.

Making Dreams a Reality

For me personally, it has been an especially notable year. In June, I was honoured to be named Chief Executive Officer, in addition to my duties as President, and will work diligently to meet that challenge.

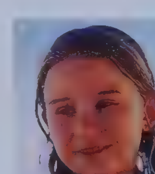
To the directors of the company and the directors of our fund boards, I want to express my appreciation for their support and encouragement throughout the year in helping us to meet our targets.

I also want to recognize the growing team of advisors across Canada who have entrusted AGF to manage their clients' investment portfolios, and who make a vital contribution to the success of our company.

Most importantly, I want to thank our employees for their efforts in building AGF's success. In the face of rapid growth and change, they have shown uncommon resourcefulness, enthusiasm and dedication.

As impressive as the past five years of record growth have been, it's important to put these numbers in the context of our broader purpose. It is a humbling responsibility to be entrusted with the assets, hopes and dreams of over one million Canadians. At AGF, we will continue to offer investors a wide selection of world-class investment solutions to help make these dreams a reality.

Blake Goldring, CFA
President and Chief Executive Officer
February 1, 2001



Six Drivers Power AGF's Success

Six key areas drive the success of AGF's business and provide the foundation for growth and future innovation. These components give AGF its core strengths and define our place in an increasingly competitive market.

1 Superior fund management
2 Sales leadership
3 Impeccable client services
4 Powerful branding
5 Global vision
6 Wealth management continuum

At year end, 85 per cent of AGF mutual fund assets had performed above the median based on three-year rates of return.

Superior Fund Management

Despite persistent market volatility, AGF enhanced its reputation for excellence in money management by again achieving strong performance results over the year. At year end, 85 per cent of our mutual fund assets had performed above median based on three-year rates of return.

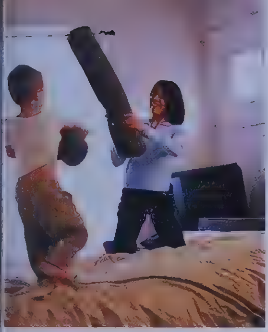
The depth of our expertise is highlighted in the strong results posted by a cross-section of funds against their benchmark indices. AGF Canadian Stock Fund posted a 32.9 per cent return, the only Canadian equity fund to outperform the TSE 300 stock index for four consecutive years.

Among our global funds, AGF International Value Fund achieved an extraordinary one-year return of 30.6 per cent compared with the Morgan Stanley World Index return of -3.4 per cent. As well, the return on the AGF European Growth Class surpassed the Morgan Stanley index by 13.1 per cent in 2000, and was ranked number one out of 71 European funds offered in Canada.

In May, we launched six new funds that cover dynamic new industries, sectors and economies around the world. And with the acquisition of Global Strategy we were able to add Rothschild Asset Management to our roster of stellar external subadvisors.

As part of the integration process, AGF assumed portfolio management on nine Global Strategy funds, including three funds distributed through Investors Group Inc.

With the completion of the acquisition of Global Strategy, we now offer a total of 77 mutual funds and boast the most diversified selection of award-winning funds of any company in Canada with significant strength in all asset classes and investment management styles.



AGF achieved record-breaking sales in an environment of industry shifts and competitive new products.

Sales Leadership

AGF achieved record-breaking sales during fiscal year 2000 in an environment of industry shifts and the introduction of competitive new products. Against this backdrop, AGF experienced the highest level of net sales in the company's history.

Gross sales increased almost 34 per cent from fiscal 1999 to $5.6 billion, while net sales were $2.5 billion, up 20.5 per cent over last year. AGF's redemption rate stood at 13.5 per cent, one of the lowest in the industry.

Most importantly, we again expanded the network of advisors who sell AGF products and, in turn, received a significantly higher share of advisors' business. This means AGF represents the first or second choice for more advisors across Canada than ever before, with nearly 29,000 advisors selling AGF funds in 2000.

AGF has also put in place multiple distribution channels providing broader market coverage than any of our competitors. In addition to brokers and planners, we sell selected and specialized products through banks, discount brokerages, insurance companies and Investors Group Inc. Over the year, we established new distribution relationships with Royal Bank of Canada and Scotia Bank.

By year end, assets under management in our institutional business had grown to $2.8 billion.

One of the highlights of the year was the launch of a new sales office in Calgary, which gives us a stronger base to grow our business across Alberta and Saskatchewan. As well, along with the acquisition of Global Strategy, we expanded our sales team to give us more depth and expertise across the country.

With mutual funds, the Harmony wrap program and Private Investment Management, AGF now offers advisors and clients solutions that can meet the investment goals of Canadians at every point in their lives.

In 2000, AGF continued to outrank the competition as evaluated by advisors and third-party experts.

Impeccable Client Services and Administration

As one of the key touch points for advisors and investors, service to our clients requires a judicious combination of human interaction and electronic technology. Our objective is to build on our reputation for speed, sensitivity and accuracy in all transactions.

In 2000, AGF continued to outrank the competition as evaluated by advisors and third-party experts. AGF ranked first in two phases of the Environics/Marketing Solutions Call Audit Survey and claimed the Service Excellence Award from Manulife Securities for outstanding customer service for the second time in three years.

In a time of rapid expansion, AGF Client Services and Administration has met the challenge of integration and served our growing customer base in a most professional and timely manner. In 2000, Client Services and Administration responded to more than one million customer telephone calls and processed nearly 13 million transactions.

To meet our commitment to reduce costs, we succeeded in trimming the expense ratios attributable to administration by a further 20 per cent while continuing to improve service.

The Global Strategy integration will be implemented throughout the year, although we have already accomplished some critical tasks. In January 2001, we merged more than 300,000 active accounts, representing $4 billion in assets under management, within a short two-month time frame.

In 2001, we will continue to focus on our target – to be the top administrative services provider in the industry. AGF's Information Services team is spearheading important initiatives to upgrade electronic order delivery and processing and exploit new opportunities presented by developments in systems and technology.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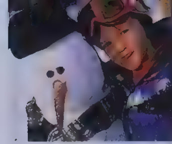


AGF's campaign is one of the most effective branding messages found in any industry.

Powerful Branding

AGF has created and built a distinctive brand experience.

In everything from client services to community sponsorships and advertising, customers and potential customers experience the qualities that define and embrace the AGF brand.

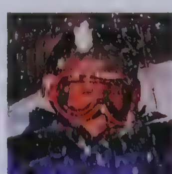
"What are you doing after work?" ignites the brand through advertising and is articulated in all other brand expressions. This year we continued our advertising campaign, highlighting the notable retirements of Quasimodo and "Thing."

According to independent research conducted by Ascot Marketing this year, "AGF's campaign has become not only one of the most effective branding messages we have seen in the mutual fund industry, it is also one of the most effective branding messages you will find in any industry." Our campaign was honoured as Best Print Advertising and Best Overall Campaign at the Canadian Mutual Fund Awards.

We continue to build our brand through ongoing initiatives designed to connect with all our constituents. Moneyworld is a global multimedia property and a project that straddles our branding and global ambitions. It represents a strategic tool designed to build the AGF brand and generate advertising and licensing revenues worldwide. This venture combines an innovative television series, launched in October 2000 nationally on Global Television in Canada and on CNBC Asia and Nikkei Television in Japan, along with a website at themoneyworld.com. In 2000 and 2001, we will produce 18 new episodes on the world of money.

To reinforce our "What are you doing after work?" positioning, AGF assumed major sponsorships in the Montreal, Toronto and Vancouver film festivals in 2000 and will build on these sponsorships in 2001.

With the AGF tiger as one of the most recognized symbols in the industry, we intensified our commitment to environmental initiatives to protect the Sumatran tiger. Through work with World Wildlife Fund and the Toronto Zoo, AGF has made major contributions to the conservation of this species.



In 2001 we will continue to build on the global front, while maximizing opportunities at home.

Global Vision

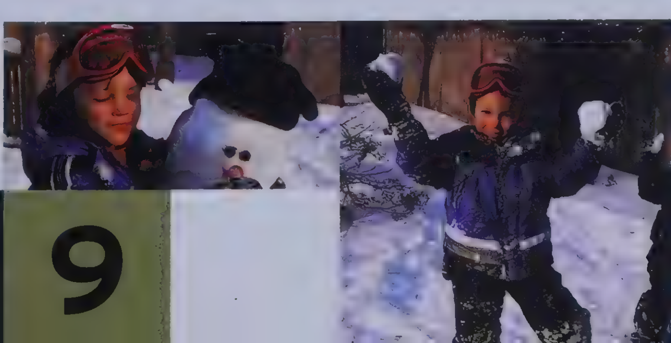
AGF's global initiatives touch almost every part of our business, and during the past year we established a new framework to accommodate global growth in future years. Already one of the most internationalized Canadian fund companies, AGF took further steps in 2000 to benefit from growing globalization in the investment management industry and to define our corporate vision as a global company with a Canadian home.

From our acquisition of Global Strategy, which gave us greater scale to better compete with foreign competitors, to the launch of moneyworld, we have our eyes on the world far beyond home borders.

We made significant moves in the Asian market in 2000 with the opening of a branch office in Tokyo. Building on AGF's 30 years of experience in Japan, our branch office will develop opportunities for the distribution of AGF funds. Currently, AGF Japan Class, AGF European Growth Class and AGF Growth Equity fund are offered for sale in Japan. In a new partnership with Sumitomo Life Insurance Co., we have a reciprocal agreement to use knowledge of our own domestic markets to advise, manage and market specialized mutual funds and investment products.

With the opening of a representative office in Beijing, AGF is building on business ties established with China over the past decade. China has long-term potential as a market for AGF's money management expertise, and we are ensuring that we are well-positioned to reap these rewards in the future.

Through these initiatives, we are reinforcing our presence in London, Dublin and Singapore, and living up to our promise to be a global company with a Canadian home. In 2001 we will continue to build on the global front, while maximizing opportunities in our own backyard.



The goal is to work with advisors and investors at each stage of the wealth continuum.

Wealth Management Continuum

In 2000, AGF extended its range of investment products and services to meet the needs – and reach the dreams – of investors at every stage of their lives. This driver remains a key strategic thrust as we ride the wave of demographic and economic change.

Whether clients invest in their first mutual fund at age 20, or earn their first million at 62, our goal is to work with advisors and investors throughout their investment lives. We are looking to respond more effectively to their needs as they pass through various life stages, and to retain these assets over a lifetime.

With 77 mutual funds, the AGF Harmony wrap program and AGF Private Investment Management, AGF has put in place the key products along the wealth management continuum. During 2000, AGF strengthened these links on the continuum with strategic acquisitions and product development.

In addition to the most broadly diversified line-up of mutual funds of any company in Canada, AGF Harmony was improved with the introduction of two new investment pools and an automatic rebalancing service.

The acquisition of Montreal-based Magna Vista, with $1.6 billion in assets under management, brings new resources to AGF Private Investment Management and provides an important presence in the Quebec market. In the global high-net-worth arena, we increased our ownership stake in U.K.-based NCL to 38.3 per cent, which will rise to approximately 44 per cent in 2002.

Through 2001, AGF will work with financial advisors to advance our capabilities at each stage of the wealth management continuum.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The Year in Review

- AGF reports a fifth consecutive year of record revenue, net income and cash flow from operations.
- In May, AGF launches six new funds that cover dynamic and growing industries, sectors and economies around the world: AGF MultiManager Class, AGF Aggressive Japan Class, AGF Global Technology Class, AGF Global Health Sciences Class, AGF Global Financial Services Class and AGF Global Resources Class.
- AGF goes global again with the opening of two new offices – one in Tokyo and one in Beijing. AGF is the first Canadian mutual fund company to open a branch office in Japan and the first to open a representative office in Beijing.
- AGF offers Japanese investors AGF Japan Class and AGF European Growth Class, and enters a reciprocal partnership with Sumitomo Life Insurance Co.
- In June, Blake Goldring is named President and Chief Executive Officer of AGF, succeeding C. Warren Goldring, who remains Chairman.
- AGF acquires Magna Vista Capital Management Inc. with $1.6 billion in assets under management in a move to enhance its high-net-worth capabilities and expand its presence in Quebec.
- AGF acquires Global Strategy Holdings Inc. and adds $5.6 billion in assets under management.
- AGF opens a new sales office in Calgary to better serve the Alberta and Saskatchewan markets.
- In January 2000, AGF celebrates $20 billion in mutual fund assets under management. In November, AGF surpasses $34 billion in total assets under management.

- On December 6, 2000, AGF strengthens its balance sheet with a bought deal of 5.5 million Class B Non-Voting shares, the proceeds of which are used to retire debt incurred to finance the acquisition of Global Strategy Holdings Inc. The offering clears the market in 90 minutes.
- AGF ranks first in two phases of the Environics/Marketing Solutions Call Audit Survey of 2000 and is awarded the Service Excellence Award for 2000 by Manulife Securities for outstanding customer service.
- AGF assumes major sponsorship of Canada's three key international film festivals in Montreal, Toronto and Vancouver to highlight the Corporation's "What are you doing after work?" branding.
- Two new AGF television ads mark the high-profile retirements of well-known characters Quasimodo and "Thing."
- AGF takes a major stake in moneyworld Media Inc., an integrated financial media property that combines a unique financial television series and an online presence at themoneyworld.com.
- For the third straight year, AGF is named Top Fund Company of the Year by [illegible] Eight AGF funds rank as top funds, more than any other fund company.
- AGF brings home Best Global Equity Fund for AGF International Value Fund and Best U.S. Equity Fund for AGF Aggressive Growth Fund at the 2000 Canadian Mutual Fund Awards.
- AGF is honoured at the Canadian Mutual Fund Awards for Best Print Advertising and Best Overall Campaign.


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Management's Discussion and Analysis of Financial Condition and Results of Operations

AGF Management Limited is one of Canada's largest independent companies offering wealth management products and services to the investing public. The company and its principal subsidiaries (collectively referred to as the "Corporation") serve over one million investors through a broad range of mutual funds, private investment management for high-net-worth clients, trust products and services, investment advisory services and third-party fund administration for individual and institutional clients.

Significant Corporate Developments

During a year marked by significant industry consolidation and sales concentration, the Corporation strengthened its competitive position through a number of strategic acquisitions and initiatives.

On November 20, 2000, the Corporation completed the acquisition of 100% of the outstanding shares of Global Strategy Holdings Inc. ("Global Strategy") for a purchase price of $442.2 million, including acquisition costs. Global Strategy, through its subsidiary Global Strategy Financial Inc., managed 27 mutual funds with $5.6 billion in assets under management on the date of acquisition. The acquisition created a stronger operating platform for the Corporation, with the scale and scope to compete more effectively in the Canadian financial services marketplace.

On August 29, 2000, the Corporation completed the acquisition of Magna Vista Capital Management Inc. ("Magna Vista"), a Montreal-based investment management firm with $1.6 billion in assets under management, primarily for private and institutional clients, on the date of acquisition. This acquisition represented a significant move by the Corporation into the private client investment management marketplace and a commitment to build this attractive business segment on a national basis.

In May 2000, the Corporation acquired a 70% interest in moneyworld Media Inc. in connection with the launch of moneyworld, an integrated financial media property that combines an innovative television series with a dynamic online presence through the Internet. Moneyworld represents a strategic tool designed to build the AGF brand, while at the same time generating revenue from the initiative on a worldwide basis.

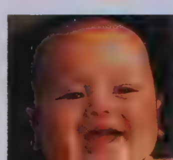
The Corporation also took important steps in 2000 toward realizing its vision of becoming a global company with a Canadian home by opening new offices in Tokyo, Japan, and Beijing, China. These new activities complement the Corporation's existing international operations in Singapore, Ireland and the United Kingdom. The Global Strategy acquisition, together with strong internal growth, moved the Corporation from eighth position a year ago to sixth position as at November 30, 2000, in terms of mutual fund assets under management as reported by the Investment Funds Institute of Canada.

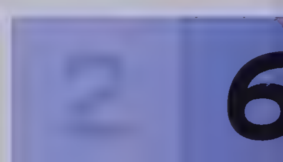
Consolidated Financial Results

The comparative financial performance of the Corporation for the years ended November 30, 2000 and 1999, is summarized in the following table. As the results of Global Strategy were included in the consolidated financial results from the date of purchase, they did not have a significant impact on year 2000 consolidated revenue, net income and cash flow from operations other than the one-time pre-tax charge of $22.0 million in respect of integration costs.

Years ended November 30 (in millions of dollars, except per share amounts)	2000	1999	% Change
Revenue	$ 508.7	$ 356.7	42.6
Net income	87.9	61.7	42.4
Cash flow from operations (before net change in non-cash balances related to operations)	215.4	165.9	29.8
Year-end assets under management			
Mutual funds	28,902.6	18,965.5	52.4
Private and institutional clients	4,391.3	981.7	347.2
Basic per share amounts			
Earnings	$ 1.12	$ 0.80	40.0
Cash flow from operations	$ 2.75	$ 2.14	28.5

The Corporation's issued and outstanding shares were subdivided on a two-for-one basis on August 29, 2000. All number of shares and per share amounts have been restated to give effect to the share subdivision.





Operating Results

Wealth Management Operations

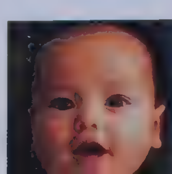
The Corporation's principal source of revenue is from the management and distribution of mutual funds. Under the management and investment advisory contracts between the Corporation and each of the mutual funds it manages, the Corporation is entitled to monthly fees based on a specified percentage of the average daily net asset value of the respective fund. The aggregate annual management and advisory fees charged to each fund range from 0.75% to 3.00%, depending on the investment objective of the fund. The Corporation also provides investment management, record-keeping and administration services to a variety of clients, including private accounts, mutual funds and insurance companies.

Revenue

Management and advisory fee revenue, net of distribution fees paid to limited partnerships held by third-party investors of $21.4 million (1999 – $21.2 million) was $420.4 million in 2000 as compared to $299.7 million in 1999, an increase of 40.3%. The increase reflected the growth in mutual fund assets under management during the year as well as the changes in asset mix from domestic to international funds and from fixed income to equity funds.

Mutual fund assets under management increased $9.94 billion in 2000 as compared to an increase of $3.95 billion in 1999. The following table illustrates the composition of the changes in mutual fund assets during the past two fiscal years:

Years ended November 30 (in millions of dollars)	2000	1999
Mutual fund assets under management, beginning of year	$ 18,965	$ 15,015
Gross sales of mutual funds	5,566	4,162
Redemptions of mutual funds	(3,083)	(2,101)
Net sales	2,483	2,061
Market appreciation of fund portfolios	1,852	1,889
Mutual fund assets from Global Strategy acquisition	5,603	—
Increase in mutual fund assets during the year	9,938	3,950
Mutual fund assets under management, end of year	$ 28,903	$ 18,965



As at November 30, 2000, the Corporation had a 6.98% market share of the Canadian mutual fund industry, up from 5.20% a year ago. In addition to the Global Strategy acquisition, the growth in mutual fund assets under management was a result of:

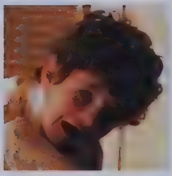
- record mutual fund net sales, which increased to $2.48 billion in 2000 from $2.06 billion a year ago. The Corporation believes that the excellent sales results are attributable to the following key factors:
    - success in advisor market penetration and support as demonstrated by a 33.7% increase in gross sales and a low rate of redemptions for the AGF funds as compared to other Canadian fund groups;
    - strong relative investment performance with 85% of the assets in AGF funds ranking above industry-median performance based on three-year rates of return as of November 30, 2000; and
    - new funds launched during the year, including the fully "RSP eligible" version of the highly popular AGF International Value Fund, which has attracted $622.5 million in assets by November 30, 2000.
- appreciation of the investment portfolios of the AGF funds of $1.85 billion. Within the AGF funds, investors can choose from a variety of investment objectives across a broad range of asset classes, geographical markets and management styles (growth, value, momentum and quantitative analysis). The diversity of products provided stability to the Corporation's management fee revenue during a year that will be remembered as one of the more volatile years in the history of the equity markets, especially in the technology sector.

The changes in asset mix in 2000 also had a favourable impact on management and advisory fee revenue as management and advisory fee rates for international and equity funds are typically higher than those for domestic and fixed income funds. As at November 30, 2000, 60% of assets under management were in international funds and 40% in domestic funds, compared with 54% and 46%, respectively, as at November 30, 1999. During the year, the equity component of assets under management increased from 85% at the beginning of the year to 91% at year end.

Administration fees and other revenue increased 94.7% to $47.4 million from $24.3 million a year ago. These fees were generated primarily from the following sources:

- fees for third-party fund administration and transaction processing earned by AdminSource Inc. in Canada and AdminSource (UK) Limited in the United Kingdom. As at November 30, 2000, AdminSource Inc. administered over 500,000 third-party unitholder accounts with assets under administration approximating $9.5 billion. During 2000, AdminSource (UK) Limited, a company engaged in the development and licensing of customized investment industry software, made steady progress in strengthening its market position and was successful in retaining a major client.
- investment advisory fees earned on private client and institutional assets, which assets under management increased from less than $1 billion in 1999 to approximately $4.4 billion as at November 30, 2000.

Other revenue also included the Corporation's share of the earnings of its 30.0% (fully diluted) investment in NCL (Securities) Limited ("NCL"), a United Kingdom-based private client asset management and institutional fund management company. The Corporation's share of the earnings of NCL, net of amortization of goodwill, increased to $1.4 million in 2000 from $0.6 million in 1999.

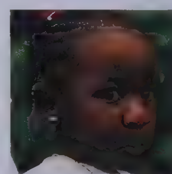


The Corporation earns deferred sales charge revenue from redemption of securities sold on the contingent deferred sales charge ("DSC") basis for which the Corporation financed the selling commissions paid to the dealer. The redemption fee schedule for the DSC option generally starts at 5.5% of the original subscription price of the funds purchased if the funds are redeemed within the first two years, and declines to zero after seven years. In 2000, deferred sales charge revenue amounted to $25.9 million, an increase of 31.9% from a year ago. Since 1998, the Corporation has financed internally selling commissions of $425.9 million ($164.5 million and $133.5 million in 2000 and 1999, respectively), resulting in an increase in deferred sales charge revenue in 2000.

Investment income in 2000 included interest from term deposits and short-term investments of $1.4 million and net capital gains of approximately $1.0 million realized on the sale of certain marketable securities. The amount of interest earned and net capital gains realized in 1999 was $0.8 million and $1.6 million, respectively.

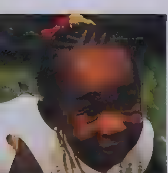
Expenses

Selling, general and administrative expenses ("SG&A") increased by 38.4% in 2000 to $95.1 million. The increase was a result of higher personnel costs due to the increase in staff to support growth of the mutual fund and third-party administration operations and costs relating to various corporate and product development initiatives. Despite the increase, stringent financial control measures and enhanced expense accountability related to use of the newly implemented financial accounting system reduced SG&A for the mutual fund operations expressed as a percentage of average assets under management by another one basis point in 2000 following a three basis point reduction in 1999.



Trailing commissions paid to dealers increased by $29.0 million, or 39.5%, to $102.3 million from $73.3 million in the previous year. In addition to the growth in mutual fund assets under management, trailing commissions increased as a result of the higher equity component of assets under management and the greater percentage of AGF funds purchased by investors on a front-end load basis.

Investment advisory fees increased from $27.8 million in 1999 to $35.3 million in 2000 due to the growth in assets under management that are advised by external investment advisors. However, investment advisory fees as a percentage of average assets under management remained stable in 2000 versus 1999 at approximately 0.16%.

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Amortization of deferred selling commissions increased to $78.3 million in 2000 from $59.8 million in 1999 because the Corporation has been financing selling commissions internally in recent years. These selling commissions are recorded at cost and are amortized on a straight-line basis over a period that corresponds with the applicable DSC schedule (which generally ranges from six to eight years). As at November 30, 2000, the unamortized balance of deferred selling commissions financed by the Corporation stood at $394.6 million, an increase of $86.2 million over 1999. The contingent deferred sales charges that would be received by the Corporation if all of the DSC securities were redeemed were estimated to be approximately $506.6 million at November 30, 2000.

Amortization of management contracts represents the 15-year straight-line amortization of the portion of the purchase price of 20/20 Financial Corporation, Magna Vista and Global Strategy assigned to management contracts. The increase in amortization from $5.1 million in 1999 to $6.5 million in 2000 was due to the purchase of Magna Vista and Global Strategy, which increased the carrying value of management contracts by $34.0 million and $444.9 million, respectively.

Long-term interest expense declined by $0.5 million in 2000 to $3.5 million. During 2000 the Corporation had been paying down its revolving term loan up until the date of the Global Strategy acquisition. Long-term interest expense is expected to increase in 2001 as a result of the increase in bank loans and notes payable issued to finance the Global Strategy acquisition.

In 2000 the Corporation recorded a one-time provision for integration costs, including severance, transfer agency integration and fund reorganization costs, amounting to $22.0 million before income taxes. These costs are estimated based on plans to integrate and rationalize the management, distribution and administration of the AGF and Global Strategy funds.

Trust Company Operations

Continued strong economic growth and higher net interest margins favourably affected the operating results of AGF Trust Company ("Trust Company"). Net investment income exceeded the Trust Company's objectives, growing by 25.8% to $3.6 million. Fee income was up $0.1 million to $1.5 million. Net income for the year ended November 30, 2000, increased by 64.4% to $1.6 million. General, administrative and operating costs were well contained as non-interest expenses of $2.0 million were up 8.9%, significantly less than the growth of revenues. The efficiency ratio improved to 41.3% in 2000 versus 45.9% in 1999.

Mortgage assets increased by 10.6% to $145.6 million, of which 63.0% were insured. Net conventional non-accrual loans were $816,000 or 0.56% of the total mortgage portfolio. Following the policy to increase reserves during the strong phase of an economic cycle, general allowances were augmented by $180,000 and at November 30, 2000, stood at $490,000 or 0.79% of risk-adjusted assets.

During the second quarter of 2000, the Trust Company offered nationally an Investment Loan Program marketed through independent financial advisors to clients of the Corporation wishing to borrow in order to invest in AGF and third-party mutual funds. The program has been well received and $11.6 million in consumer loans were outstanding at November 30, 2000. A general allowance of $29,100 was reserved against these loans.

The Trust Company's balance sheet and financial position remained sound. Total assets grew by 14.3% to $178.8 million. Capital ratios were strong as the risk-based capital ratio and the assets to capital multiple stood at 26.3% and 10.4 times respectively, well within statutory limits. Liquid assets were high, ensuring that the Trust Company can easily honour all of its financial commitments.


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Income Taxes

The Corporation's effective consolidated income tax rate increased to 40.6% in 2000 from 40.1% in 1999. As at November 30, 2000, deferred income taxes payable stood at $135.0 million, an increase of $34.0 million. The Corporation is allowed to deduct for income tax purposes the full amount of selling commissions paid in a year even though amortization of such selling commissions for accounting purposes is spread over a six to eight year period. The deduction of selling commissions permits the Corporation to defer cash payment of a high proportion of income taxes payable.

Financial Position

The Corporation's total assets almost doubled in 2000, reaching $1.28 billion as at November 30, 2000, as compared to $643.7 million at November 30, 1999. The increase was largely attributable to the acquisitions of Global Strategy and Magna Vista. The aggregate value of the assets acquired and the liabilities assumed from Global Strategy and Magna Vista are summarized as follows:

(in millions of dollars)

Assets acquired		
Cash and short-term investments	**$**	**43.9**
Management contracts		**478.9**
Other assets		**13.2**
Total assets acquired		**536.0**
Liabilities assumed		**(59.1)**
Net assets acquired	**$**	**476.9**

Consideration paid included cash of $323.7 million, notes and instalments payable amounting to $36.9 million and the issuance of 4,528,320 Class B shares valued at $116.3 million. The cash portion of the consideration was partially financed by a fully amortizing term loan of $177.0 million and a bridge loan of $100.0 million, both loans provided by a Canadian chartered bank.

Shareholder's equity increased $187.8 million during the year to $472.0 million as at November 30, 2000. Shareholder's equity was increased by net income retained in the business of $73.8 million, Class B shares issued in connection with the acquisitions of Global Strategy and Magna Vista of $116.3 million and stock options exercised of $6.1 million. During the year, the Corporation purchased for cancellation 660,800 Class B shares at an aggregate cost of $8.4 million.

As at November 30, 2000, the Corporation's long-term debt-to-equity ratio stood at 0.59 to 1. On December 6, 2000, the Corporation closed the sale of 5,500,000 Class B shares to public investors for net proceeds of $131.7 million and used the cash to fully repay the bridge loan and partially repay the revolving term loan. The long-term debt-to-equity ratio improved to 0.41 to 1 after the completion of these transactions.

Cash Flow and Liquidity

Cash flow from operations (before net change in non-cash balances related to operations) was $215.4 million or $2.75 per share basic and $2.62 per share fully diluted for the year ended November 30, 2000, compared to $165.9 million or $2.14 per share basic and $2.03 per share fully diluted for 1999.

Excluding acquisitions, the Corporation's primary use of cash in recent years has been the financing of selling commissions paid on sales of DSC securities. Strong operating cash flow in 2000 allowed the Corporation to finance internally all the selling commissions paid, which amounted to $164.5 million. In the current interest rate environment, the Corporation intends to continue to finance selling commissions internally in 2001.

Spending on capital assets increased from $7.1 million in 1999 to $19.4 million in 2000. Investment in systems and technology remains a high priority to ensure that the Corporation can deliver accurate and timely information to investors in a cost-effective manner. During 2000, the Corporation invested approximately $13 million to upgrade its systems and equipment, including the installation of new hardware for the transfer agency system.


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It is the policy of the Corporation to pay dividends to shareholders on a quarterly basis. Dividends paid in 2000 and 1999 amounted to $14.1 million and $11.6 million, respectively. In June 2000, the Board of Directors approved an increase in the quarterly dividend from 4 cents per share to 5 cents per share, for an annualized dividend rate of 20 cents per share. In June 1999, the Board increased the quarterly dividend from 3.5 cents per share to 4 cents per share.

Cash and short-term investments increased from $72.1 million at the end of 1999 to $107.1 million as of November 30, 2000.

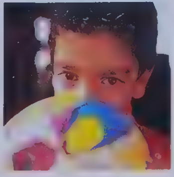
In addition, the Corporation has a 10-year prime-rate-based revolving term loan facility to a maximum of $150.0 million (of which $73.4 million was available to be drawn as at November 30, 2000) that may be used at any time to meet operational or investment needs.

The Corporation's cash and short-term investments and revolving term loan facility, together with cash flow from operations, provides it with sufficient liquidity to operate and grow its business, to finance selling commissions, to satisfy regulatory requirements, to service its debt obligations, to pay the quarterly dividends and to acquire new businesses should opportunities arise.

Hedging Activities

The Corporation has hedged a portion of its risk exposure to higher interest rates by entering into three interest rate swap transactions that expire between October 28, 2007, and January 27, 2008. These swap transactions convert the floating interest rates paid by the Corporation on $68.8 million of its outstanding revolving term loan into fixed interest rates of 5.47% to 5.56% per annum. The Corporation would receive approximately $0.5 million if these swap transactions were terminated at November 30, 2000.

The Corporation has also entered into a foreign exchange forward contract to sell U.K. Pound Sterling 7.6 million on April 17, 2001, at an exchange rate of 2.3225 for Canadian $17.7 million in order to hedge its currency exposure in connection with the investment in NCL.



Outlook

One of the top priorities for the coming year is to integrate and rationalize the operations of the AGF and Global Strategy funds. The integration is expected to yield significant cost synergies through lower operating costs. The annual cost savings are estimated to be approximately $26 million, or two-thirds of the operating costs of Global Strategy prior to the acquisition.

On January 15, 2001, the Corporation achieved one of the major integration milestones with the implementation of administrative systems that permit fund unitholders to transfer their investments between AGF and Global Strategy funds. In addition, a number of investment advisory changes have been made in order to ensure that the Global Strategy funds are managed in a manner that is consistent with the Corporation's investment performance standards.

The Corporation will continue to explore new business opportunities and develop new distribution relationships. In December 2000, the Corporation expanded its relationship with Working Ventures Canadian Fund Inc., one of Canada's largest labour-sponsored venture capital funds, to include the provision of sales, distribution and administration services to the fund. This strategic arrangement further enhanced the range of products offered by the Corporation.

The trends of industry consolidation and sales concentration that dominated the Canadian mutual fund industry in 2000 are expected to continue in the year ahead. For a company to succeed in this highly competitive market environment, it must have consistently superior investment performance, a diverse and innovative product line-up, high brand awareness, wide sales penetration and distribution, and administrative service excellence. The Corporation believes it is well positioned in relation to these critical success factors and possesses considerable momentum entering 2001.

Rules We Follow, Values We Preserve

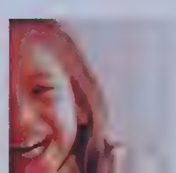
Governing Bodies

The Corporation and its operating subsidiaries are each registered with one or more of various regulatory authorities. The primary governance obligation of the Corporation and these subsidiaries is to abide by the spirit and the letter of the regulations and rules formulated by these authorities, which range from specific rules and regulations to strong statements of general principles based on a commitment to ethical behaviour. These regulatory authorities include:

- Provincial Securities Commissions
- The Toronto Stock Exchange
- The Office of the Superintendent of Financial Institutions
- The Securities and Exchange Commission (Washington, D.C.)
- The Bank of Ireland (Dublin)
- The Singapore Monetary Authority

Code of Ethics

All directors, officers and employees of the Corporation and its subsidiaries are subject to a Code of Ethics that outlines the standards by which they must conduct themselves in their business dealings. Compliance with the Code is a matter of utmost importance, and a breach of any of its provisions is grounds for a warning, revision of responsibilities, suspension or dismissal with or without notice, depending on the particular circumstances. The Code sets out specific rules dealing with conflicts of interest, confidential information, insider trading, personal trading by investment managers and others with access to information used in making investment decisions, and a variety of other matters. From time to time, as appropriate, the Code is supplemented by memoranda delivered to directors, officers and employees clarifying or expanding provisions of the Code.



The Boards of Directors

1. Descriptions and Mandate of the Boards

The Corporation's Board has responsibility for the stewardship of the Corporation and discharges that responsibility by providing advice and direction with respect to the business plans of the Corporation and monitoring the operations of its subsidiaries. The Boards of the various subsidiaries are responsible for reviewing and monitoring the strategic plans of those businesses. In carrying out its responsibilities, the Corporation's Board appoints the Chief Executive Officer and meets with senior executives on a regular basis to receive and consider reports on the affairs of the Corporation. The Board expects these reports to be comprehensive, accurate and timely. In addition to approving specific corporate actions, the Board receives and approves annual and interim reports to shareholders, including annual and interim financial statements.

2. Membership on the Boards

The majority of the members of the Boards of the Corporation and AGF Trust Company are unrelated to the Corporation and its subsidiaries, meaning they are free from any interest and any business or other relationship that could reasonably be perceived to materially interfere with their ability to act with a view to the best interest of the Corporation, other than interest arising from shareholding. These directors are Douglas L. Derry, Stuart E. Eagles, Walter A. Keyser, David King and William Morneau. In the year ended November 30, 2000, the Corporation's Board met 13 times.

3. Boards of the Mutual Funds

The Mutual Fund Boards are completely distinct and independent from the Boards of the Corporation and its subsidiaries (apart from two overlapping representatives). These Fund Boards represent the shareholders and unitholders of the Funds. The directors of the Funds that are corporations are elected by shareholders and have the legal responsibility for functions such as approving the appointment of investment managers. The Chairman of these Boards is Mr. John B. Newman, an independent director. There is no legal requirement that mutual fund trusts have a board of governors. As early as the 1980s, however, the Corporation recognized the interest of unitholders in having an independent board to provide advice to the trust funds. For this reason, the directors of the corporate Funds are appointed as governors of these funds.

4. Board Representation and Independence from Management

Mr. C. Warren Goldring, the Corporation's Chairman, owns, directly or indirectly, 80% of the outstanding Class A voting common shares of the Corporation and is therefore a "significant shareholder." Mr. W. Robert Farquharson, the Corporation's Vice-Chairman and Chief Investment Officer, owns, directly or indirectly the remaining 20% of the Class A voting common shares, and each also owns a significant number of Class B non-voting shares. Messrs. Goldring and Farquharson both serve on the Corporation's Board as management representatives along with Mr. Blake C. Goldring, Chief Executive Officer of the Corporation. All of the other members of the Corporation's Board are "independent" directors in that they are free from any interest in or relationship with (other than the membership of certain of these directors on the boards of directors of other companies controlled directly or indirectly by Mr. Goldring) the Corporation's significant shareholder or any affiliate of the significant shareholder.

5. Committees of the Corporation's Board

The independent directors who serve as Chairmen of the Board's committees are responsible for directing the meetings of these committees when matters related to their responsibilities are discussed. The Corporation's Board has two committees, both of which are composed predominantly of unrelated directors: the Audit Committee and the Corporate Governance Committee.

The Audit Committee

The Audit Committee is responsible for conducting such review and inquiry of management and the internal and external auditors as it deems necessary towards establishing that the Corporation and its subsidiaries are applying appropriate systems of internal controls that fulfill legislative and regulatory requirements. Internal controls are reviewed and evaluated by the Corporation's internal auditors. The Audit Committee reviews and makes report to the Board before the approval of the annual and interim financial statements. During the year ended November 30, 2000, the Audit Committee met seven times.

The Corporate Governance Committee

The Corporate Governance Committee is responsible for developing the Corporation's approach to governance issues, including its response to governance guidelines. The Corporate Governance committee reviews annually and makes recommendations to the Board on all matters relating to corporate governance. During the year ending November 30, 2000, the Corporate Governance Committee met two times.

6. Orientation and Education

The Corporation has established a system of orientation and ongoing education for its directors. As part of this program, the Corporation provides directors with updates on the mutual fund and financial services industries, briefings on industry practices relating to corporate governance and other relevant issues.

7. Shareholder Communication

The Corporation believes that shareholder communication and feedback are essential. This belief is based on the stake shareholders have in the Corporation's business and the importance to shareholders of ensuring that trading prices and volumes of the Corporation's Class B non-voting shares are not adversely affected by a lack of information in the marketplace. Shareholder inquiries are promptly responded to by the Corporate Secretary or another senior officer of the Corporation.

Auditors' Report

To the Shareholders of AGF Management Limited:

We have audited the consolidated balance sheets of AGF Management Limited as at November 30, 2000 and 1999, and the consolidated statements of income, retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at November 30, 2000 and 1999, and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
January 12, 2001

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

November 30	2000	1999
ASSETS		
Wealth Management Operations		
Current assets:		
Cash and term deposits	$ 49,422	$ 31,804
Short-term investments	45,454	24,427
Accounts receivable and prepaid expenses	32,351	29,391
	127,227	85,622
Investment in associated company	18,308	18,595
Other investments	766	1,779
Management contracts, net of accumulated amortization of $26,901 (1999 – $20,403)	529,683	56,476
Deferred selling commissions, net of accumulated amortization of $238,329 (1999 – $160,044)	394,620	308,420
Capital assets, net of accumulated amortization of $33,298 (1999 – $26,152)	27,653	14,924
Goodwill, net of accumulated amortization of $3,026 (1999 – $2,731)	1,228	1,503
	1,099,485	487,319
Trust Company Operations		
Cash and term deposits	12,221	15,825
Accounts receivable and other assets	3,345	2,470
Investments	6,088	6,378
Mortgages and consumer loans	157,150	131,753
	178,804	156,426
	$ 1,278,289	$ 643,745

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

November 30	2000	1999
LIABILITIES		
Wealth Management Operations		
Current liabilities:		
Accounts payable and accrued liabilities	$ 65,650	$ 43,698
Income taxes payable	8,823	314
Long-term debt due within one year (note 10)	148,896	—
Deferred revenue	630	—
Provision for leased premises	413	348
	224,412	44,360
Provision for leased premises	647	1,089
Long-term debt (note 10)	278,051	72,048
Participation units (note 11)	6,157	—
Deferred income taxes	134,996	101,018
Minority interest	564	—
	644,827	218,515
Trust Company Operations		
Accounts payable and accrued liabilities	4,426	4,209
Deposits	156,988	136,777
	161,414	140,986
SHAREHOLDER'S EQUITY		
Capital stock (note 4)	221,107	99,477
Retained earnings	250,795	184,579
Foreign currency translation adjustment	146	188
	472,048	284,244
	$ 1,278,289	$ 643,745

APPROVED BY THE BOARD:

CWGoldring

C. Warren Goldring
Director

Douglas L. Derry
Director

CONSOLIDATED STATEMENTS OF INCOME

(in thousands of dollars, except per share amounts)

Years ended November 30	2000	1999
Revenue		
Wealth Management Operations		
Net management and advisory fees	$ 420,353	$ 299,686
Administration fees and other revenue	47,393	24,344
Deferred sales charges	25,950	19,675
Investment income	2,411	2,406
	496,107	346,111
Trust Company interest, dividends and administration fees	12,574	10,592
	508,681	356,703
Expenses		
Wealth Management Operations		
Selling, general and administrative	95,146	68,724
Trailing commissions	102,251	73,291
Investment advisory fees	35,310	27,845
Amortization of deferred selling commissions	78,285	59,845
Integration costs (note 2)	22,000	—
Amortization of management contracts	6,498	5,125
Amortization of capital assets and goodwill	7,441	5,306
Long-term interest expense	3,468	3,941
	350,399	244,077
Trust Company Operations		
Interest on deposits	7,840	6,662
General and administrative	2,437	2,710
Provision for mortgage losses	166	220
	10,443	9,592
	360,842	253,669
Income before income taxes and minority interest	147,839	103,034
Income taxes (note 6)		
Current	23,239	6,039
Deferred	36,748	35,285
	59,987	41,324
Net income before minority interest	87,852	61,710
Minority interest share of loss of subsidiary	36	—
Net income for the year	$ 87,888	$ 61,710
Earnings per share (note 4 (e))		
Basic	$ 1.12	$ 0.80
Fully diluted	$ 1.07	$ 0.76

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars, except per share amounts)

Years ended November 30	2000	1999
Retained earnings, beginning of year	$ 184,579	$ 137,484
Net income for the year	87,888	61,710
	272,467	199,194
Deduct:		
Dividends on Class A and Class B shares (18¢ per share; 1999 – 15¢ per share)	14,092	11,642
Excess paid over average issue price of Class B shares purchased for cancellation	7,580	2,973
	21,672	14,615
Retained earnings, end of year	$ 250,795	$ 184,579

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands of dollars, except per share amounts)

Years ended November 30	2000	1999
Operating activities		
Net income for the year	$ 87,888	$ 61,710
Items not affecting cash		
Amortization of deferred selling commissions	78,285	59,845
Deferred income taxes	36,748	35,285
Amortization of management contracts	6,498	5,125
Amortization of capital assets and goodwill	7,441	5,306
Other	(1,426)	(1,340)
	215,434	165,931
Net (increase) decrease in non-cash balances related to operations	19,722	(2,228)
	235,156	163,703
Financing activities		
Net change in Class B shares	(2,272)	1,006
Increase (decrease) in bank loan	282,600	(7,000)
Decrease in loan notes payable	(249)	(2,232)
Dividends	(14,092)	(11,642)
Increase in Trust Company deposits	20,211	24,396
Issue of common shares by subsidiary	600	—
	286,798	4,528
Investing activities		
Deferred selling commissions paid	(164,485)	(133,549)
Acquisition of subsidiaries, net of cash acquired (notes 2 and 3)	(279,759)	—
Purchase of capital assets	(19,398)	(7,081)
Net proceeds on sale of investments	1,836	1,354
Increase in Trust Company mortgages and consumer loans	(25,397)	(16,240)
Sale (purchase) of investments – Trust Company Operations	290	(743)
	(486,913)	(156,259)
Increase in cash and cash equivalents during the year	35,041	11,972
Balance of cash and cash equivalents, beginning of year	72,056	60,084
Balance of cash and cash equivalents, end of year	$ 107,097	$ 72,056
Represented by:		
Cash and term deposits		
Wealth Management Operations	$ 49,422	$ 31,804
Trust Company Operations	12,221	15,825
Short-term investments	45,454	24,427
	$ 107,097	$ 72,056
Cash flow from operations per share (before net change in non-cash balances related to operations – note 4(e))		
Basic	$ 2.75	$ 2.14
Fully diluted	$ 2.62	$ 2.03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended November 30, 2000 and 1999 (in dollars, except as otherwise stated)

1. Financial statements presentation

(a) Description of business

AGF Management Limited ("AGF") is incorporated under the Business Corporations Act (Ontario). AGF is an integrated, globally focused wealth management corporation whose principal subsidiaries provide mutual fund management and distribution, private investment management for high-net-worth clients, trust products and services (including mortgage and investment lending and deposit-taking activities), investment advisory services and third-party fund administration services for individual and institutional clients. AGF conducts the management and distribution of mutual funds in Canada under the brand names AGF, Global Strategy and Harmony (collectively, the "AGF Funds").

(b) The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies are as follows:

Consolidation

The consolidated financial statements include the accounts of AGF and all of its directly and indirectly owned subsidiaries and partnership (collectively referred to as the "Corporation"). The principal entities of AGF are:

AGF Funds Inc.
AGF International Advisors Company Limited
AGF Asset Management Asia Ltd.
AGF Magna Vista Private Investment Management Limited ("AGF Magna Vista")
AGF Trust Company ("Trust Company")
AGF Securities (Canada) Limited
AGF Securities, Inc.
AGF Limited Partnership 1998
AdminSource Inc.
AdminSource (UK) Limited
AdminSource Holdings (UK) Limited
AGF International Company Limited
20/20 Financial Corporation ("20/20 Financial")
Global Strategy Holdings Inc. ("Global Strategy")
Global Strategy Financial Inc.
Global Strategy Securities Inc.
moneyworld Media Inc.

Revenue recognition

Management and advisory fees are based on the net asset value of funds under management and are recognized on an accrual basis. These fees are shown net of management fee rebates and distribution fee payments to third-party selling commission financing parties.

Administration fees and other revenue are recognized on an accrual basis when the services are performed.

Deferred sales charge ("DSC") revenue is received from investors when mutual fund securities sold on a DSC basis are redeemed. DSC revenue is recognized on the trade date of redemption of the applicable mutual fund securities.

Foreign currency translation

Assets and liabilities of foreign subsidiaries are translated into Canadian dollars at the rates of exchange in effect at year-end. Revenue and expenses of foreign subsidiaries are translated into Canadian dollars at average rates of exchange during the year.

Investments in foreign associated companies and any related debt and foreign exchange forward contracts are translated into Canadian dollars at the rates of exchange in effect at year-end. Unrealized translation gains and losses are reported in a separate component of shareholder's equity as a foreign currency translation adjustment.

Investments

Short-term investments are carried at the lower of cost and market value. Long-term investments are carried at cost and are only written down on indication of permanent impairment in the carrying value.

Management contracts and goodwill

The purchase price of acquisitions accounted for under the purchase method and the purchase price of investments accounted for under the equity method are allocated based on the fair values of the net identifiable assets acquired, including management contracts. The excess of the purchase price over the values of such assets is recorded as goodwill.

The value assigned to management contracts is amortized on a straight-line basis over 15 years. Goodwill relating to Wealth Management operations is amortized on a straight-line basis over 15 years and goodwill relating to Trust Company operations is amortized on a straight-line basis over 5 years. The carrying values of management contracts and goodwill are regularly assessed by management reviewing the discounted expected cash flows of the assets acquired as well as the related risks.

Deferred selling commissions

Selling commissions paid on mutual fund securities sold on a DSC basis are recorded at cost and are amortized on a straight-line basis over a period that corresponds with the applicable DSC schedule (which ranges from six to eight years). Unamortized deferred selling commissions are written down to the extent that the carrying value exceeds the expected future revenue.

Capital assets

Capital assets, which are comprised of office furnishings, computer equipment, computer software, leasehold improvements, television production and program rights are stated at cost, net of accumulated amortization. Amortization is computed on the following methods based on the estimated useful lives of the assets:

Office furnishings	20% declining balance
Computer equipment	30% declining balance
Computer software	straight-line over three years
Leasehold improvements	straight-line over term of related lease
Television production	straight-line over two years
Program rights	straight-line over five years

Mortgages and consumer loans

Mortgage loans are carried at amortized cost less principal repayments less any holdbacks, net of an allowance for mortgage losses. Interest income from mortgages is recorded on an accrual basis. Accrued but uncollected interest on uninsured mortgages is reversed when loans are placed on a non-accrual basis. Loans are classified as non-accrual when, in the opinion of management, there is reasonable doubt as to the collectibility, either in whole or in part, of interest or principal or when principal or interest is past due 90 days, except where the loan is both well-secured and in the process of collection. In any event a loan that is insured by the Federal Government or an agency thereof is classified as non-accrual when principal or interest is past due 365 days, or in the case of other mortgage loans, when they are contractually in arrears for 180 days. Thereafter, interest income is recognized on a cash basis only after specific provision for losses has been recovered and provided there is no further doubt as to the collectibility of the principal.

Consumer loans are carried at amortized cost less principal repayments, net of allowance for consumer loan losses. Interest income from consumer loans is recorded on an accrual basis.

Stock option plans

Stock option plans are described in note 4(d). No compensation expense is recognized when stock options are granted or exercised. Consideration paid by employees on exercise of stock options is credited to capital stock.

Use of estimates

In preparing these financial statements, management must make certain estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the related disclosures. Actual results may be different from those estimates.

2. Acquisition of Global Strategy Holdings Inc.

On November 20, 2000, AGF acquired all of the outstanding common shares of Global Strategy Holdings Inc. for consideration of $442.2 million, including acquisition costs. Global Strategy is a Canadian investment management company with $5.6 billion in assets under management in 27 mutual funds as of the date of acquisition. The acquisition is being accounted for by the purchase method of accounting with the results of Global Strategy included in the consolidated financial statements from the date of purchase. The value attributed to management contracts as a result of the acquisition is being amortized on a straight-line basis over 15 years.

The fair value of the net assets acquired and consideration paid are summarized as follows:

	(000's)
Net assets acquired	
Cash and short-term investments	$ 40,751
Management contracts	444,934
Other assets	11,971
Liabilities	(55,435)
	$ 442,221
Consideration paid	
Cash	$ 312,846
Notes payable (see note 10(b))	19,875
4,222,908 Class B shares issued	109,500
	$ 442,221

During 2000 and 2001, the Corporation will integrate and rationalize the management, distribution and administration of the AGF and Global Strategy funds. This process will result in estimated one-time charges, including severance, transfer agency integration and fund reorganization costs, aggregating to $22.0 million before taxes. These costs have been expensed in the financial statements for the year ended November 30, 2000.

3. Acquisition of AGF Magna Vista

On August 29, 2000, AGF acquired all of the outstanding shares of Magna Vista Capital Management Inc. (subsequently renamed AGF Magna Vista Private Investment Management Limited) for consideration of $34.7 million, including acquisition costs. AGF Magna Vista, which is based in Montreal, provides private investment management for high-net-worth clients. The acquisition is being accounted for by the purchase method of accounting with the results of AGF Magna Vista included in the consolidated financial statements from the date of purchase. The value attributed to management contracts as a result of the acquisition is being amortized on a straight-line basis over 15 years.

The fair value of the net assets acquired and consideration paid are summarized as follows:

	(000's)
Net assets acquired	
Cash and term deposits	$ 3,135
Management contracts	34,018
Other assets	1,215
Liabilities	(3,693)
	$ 34,675
Consideration paid	
Cash	$ 10,799
Instalments payable (see note 10(d))	17,054
305,412 Class B shares issued	6,822
	$ 34,675

4. Capital stock

(a) Authorized capital

The authorized capital of AGF consists of an unlimited number of Class B Non-Voting Shares ("Class B shares") and an unlimited number of Class A Voting Common Shares ("Class A shares"). The Class B shares are listed for trading on The Toronto Stock Exchange. The issued and outstanding Class B and Class A shares were subdivided on a two-for-one basis on August 29, 2000. All number of shares and per share amounts have been restated to give effect to the share subdivision.

(b) Movement during the year

The movement in capital stock during 1999 and 2000 is summarized as follows:

	Number of shares issued	Amount (000's)
Class B shares		
Balance, November 30, 1998	77,013,270	$ 95,498
Issued through dividend reinvestment plan	23,276	269
Stock options exercised	1,244,040	4,080
Purchased for cancellation	(293,600)	(370)
Balance, November 30, 1999	77,986,986	99,477
Issued on acquisition of subsidiaries	4,528,320	116,322
Issued through dividend reinvestment plan	1,718	28
Stock options exercised	1,190,230	6,127
Purchased for cancellation	(660,800)	(847)
Balance, November 30, 2000	83,046,454	221,107
Class A shares		
Balance, November 30, 2000, 1999 and 1998	57,600	—
Total stated capital		$ 221,107

(c) Class B shares purchased for cancellation

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B shares through the facilities of The Toronto Stock Exchange. Present approval for such purchases extends through to February 2001. It is the Corporation's intention to file for a one-year extension of the regulatory approval to purchase Class B shares for cancellation.

(d) Stock option plans

AGF has established stock option plans for senior employees under which stock options to purchase an aggregate maximum of 4,952,946 Class B shares could have been granted as at November 30, 2000. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum.

The movement in stock options during 2000 is summarized as follows:

Expiry Date	Exercise Price	Options outstanding Dec. 1, 1999	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options outstanding Nov. 30, 2000
Jun. 14, 2000	0.83	60,000	—	60,000	—	—
Dec. 20, 2001	1.23	277,500	—	67,500	—	210,000
Jul. 20, 2003	2.23	476,750	—	44,000	—	432,750
Nov. 22, 2004	2.44	45,000	—	—	—	45,000
Jan. 5, 2005	2.77	90,000	—	—	—	90,000
Jan. 18, 2005	2.73	150,000	—	—	—	150,000
Dec. 7, 2002	2.80	290,000	—	137,000	—	153,000
May 3, 2003	3.18	1,281,000	—	262,000		1,019,000
Sep. 26, 2003	4.29	100,000	—	38,500	—	61,500
Nov. 21, 2003	5.07	412,000	—	125,000	—	287,000
Jun. 4, 2004	6.73	347,000	—	126,000	8,000	213,000
Jun. 25, 2004	7.43	60,000	—	18,000	—	42,000
Jul. 15, 2004	7.88	24,000	—	8,000	—	16,000
Jan. 29, 2005	8.03	180,000	—	180,000	—	—
Jun. 25, 2005	10.71	270,292	—	—	—	270,292
Jun. 25, 2005	10.71	139,586	—	20,909	10,388	108,289
Jul. 2, 2005	11.81	50,000	—	—	—	50,000
Jul. 2, 2005	11.81	8,480	—	—	—	8,480
Sep. 4, 2005	8.15	60,000	—	30,000	—	30,000
Sep. 24, 2005	8.31	6,000	—	1,000	—	5,000
Dec. 14, 2005	11.36	8,062	—	—	—	8,062
Dec. 17, 2005	11.16	20,000	—	—	—	20,000
Jan. 28, 2006	13.02	74,000	—	40,000	20,000	14,000
Jun. 24, 2006	11.27	337,500	—	6,666	—	330,834
Jun. 24, 2006	11.27	234,500	—	5,655	36,012	192,833
Dec. 7, 2006	11.54	—	66,000	—	—	66,000
Jan. 27, 2007	11.94	—	60,000	20,000	40,000	—
Jun. 22, 2007	17.87	—	298,300	—	—	298,300
Aug. 29, 2007	23.53	—	110,000	—	—	110,000
Sep. 29, 2007	24.25	—	10,000	—	—	10,000
		5,001,670	544,300	1,190,230	114,400	4,241,340

During 1999, options were granted to purchase 679,062 Class B shares at per share prices ranging from $11.16 to $13.02, with expiry dates ranging from December 14, 2005, to June 24, 2006. Options to purchase 1,278,764 Class B shares at per share prices ranging from $0.83 to $11.27 were exercised or cancelled.

(e) Per share amounts

Basic and fully diluted earnings per share and cash flow from operations per share (as restated per note 4(a)) have been computed using the weighted average number of Class A and Class B shares outstanding during the year. Fully diluted earnings per share and cash flow from operations per share have been computed on the basis that all of the stock options had been exercised at the beginning of the year.

5. Agreements with mutual funds

The Corporation acts as manager for the AGF Funds and receives management and advisory fees from the AGF Funds in accordance with the respective agreements between the funds and the Corporation. In return, the Corporation is responsible for management and investment advisory services and all costs connected with the distribution of securities of the funds. Substantially all the management and advisory fees the Corporation earned in 2000 and 1999 were from the AGF Funds. As at November 30, 2000, the Corporation had $31,597,000 (1999 – $15,982,000) receivable from the AGF Funds. The Corporation also acts as trustee for the AGF Funds that are mutual fund trusts.

The Corporation directly provides unitholder services to the funds and is compensated for such services. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The aggregate unitholder services costs absorbed, and management and advisory fees waived by the Corporation during the year were approximately $2,511,000 (1999 – $2,476,000).

6. Income taxes

The Corporation's effective income tax rate is comprised as follows:

Years ended November 30	2000	1999
Canadian corporate tax rate	44.0%	44.6%
Tax-exempt investment income	(0.4)	(0.5)
Rate differential on earnings of foreign subsidiaries	(6.5)	(6.6)
Amortization of management contracts and goodwill	2.0	2.3
Other	1.5	0.3
Effective income tax rate	40.6%	40.1%

As at November 30, 2000, certain subsidiaries of the Corporation have accumulated aggregate income tax losses of approximately $5.1 million (1999 – $4.2 million) that may be used to reduce taxable income in the future. These tax loss carry-forwards expire as follows:

$0.8 million	between 2001 and 2006
$4.3 million	no expiry date

The potential tax benefits of these losses have not been recognized in the consolidated financial statements.

The Corporation will adopt the Canadian Institute of Chartered Accountants handbook section 3465, Income Taxes, on December 1, 2000 on a retroactive basis.

7. Commitments

The Corporation is committed under operating leases for office premises (excluding amounts provided for in the financial statements) that require approximate minimum rental payments as follows:

		(000's)
2001	$	4,427
2002		4,192
2003		3,088
2004		1,952
2005		352
Thereafter		63

8. Limited partnership financings

Selling commissions paid on certain sales of mutual fund securities of the AGF Funds made on the DSC basis ("DSC securities") have been financed by limited partnerships held by third party investors. Up to November 30, 2000, such limited partnerships have financed selling commissions of approximately $440 million in respect of such DSC securities. The Corporation is obligated to pay the relevant limited partnership an annual fee of 0.47% to 0.90% of the net asset value of DSC securities. The limited partnerships also receive any contingent deferred sales charges resulting from the redemption of such securities. These obligations continue as long as such DSC securities remain outstanding except for certain of the limited partnerships, in which case the obligation terminates at various dates from December 31, 2006, to December 31, 2020. For certain limited partnerships the obligation is secured by the Corporation's mutual fund management contracts to the extent of the particular obligation.

During 1998, 1999 and 2000, 11 of the AGF and 20/20 limited partnerships amalgamated to form AGF Master Limited Partnership. The amalgamations did not change the Corporation's obligations in respect of the relevant DSC securities in any material respect.

As at November 30, 2000, the net asset value of DSC securities financed by the limited partnerships was $5.1 billion (1999 – $3.9 billion).

The Corporation is responsible for the management and administration of the limited partnerships. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The amount of fees received in 2000 was $620,000 (1999 – $677,000).

9. Other deferred selling commission financing

During 1998 Global Strategy Financial Inc. entered into an agreement with Putnam, Lovell, de Guardiola & Thornton Inc. ("PLGT") where PLGT would finance sales commissions paid on the sale of Global Strategy mutual funds sold on a back-end-load basis from July 1, 1998, to December 31, 1999. The agreement was amended on March 28, 2000, extending the funding period to March 31, 2001. PLGT financed sales commissions of approximately $54.1 million in respect of such distributed mutual funds for the period from July 1, 1998, to November 30, 2000. PLGT receives a direct annual share of the management fee revenue on distributed mutual funds that remain outstanding and whose sales were originally financed by them. Such payments are accounted for as distribution fees in accordance with note 1(b) – Revenue recognition. PLGT is also entitled to deferred sales charge revenue payable by the unitholder on the redemption of those distributed mutual funds. In addition, PLGT receives from the Corporation a share of the management fee revenue equal to the deferred sales charge revenue that would otherwise be payable by the unitholder on free redemptions of those distributed mutual funds, also accounted for as distribution fee payments.

10. Long-term debt

November 30	2000	1999
	(000's)	
Bank loans		
Fully amortizing term loan	$ 177,000	$ —
Bridge loan	100,000	—
Revolving term loan	76,600	71,000
Notes payable due November 22, 2004	19,875	—
Notes payable due April 30, 2013	35,675	—
Instalment payable due August 29, 2002	17,054	—
Loan notes due September 30, 2004	743	1,048
	$ 426,947	$ 72,048
Less: amount included in current liabilities (see note 15)	148,896	—
	$ 278,051	$ 72,048

(a) Bank loans

Fully amortizing term loan

Fully amortizing 5-year term loan with a Canadian chartered bank, repayable in equal quarterly instalments over the period of 20 quarters following advance plus interest payable. The facility can be funded by direct advances and/or bankers' acceptances ("BA's"). At November 30, 2000, the Corporation has drawn the facility in the form of 14-day to 71-day BA's at an effective interest rate of 6.26% per annum.

Bridge loan

364-day bridge loan with a Canadian chartered bank fully due and payable on November 19, 2001. Interest payable monthly in arrears. At November 30, 2000, the Corporation has drawn the facility in the form of 14-day BA's at an effective interest rate of 6.25% per annum.

Revolving term loan

The Corporation has arranged a 10-year prime rate based revolving term loan to a maximum of $150.0 million with a Canadian chartered bank. Under the loan agreement, the Corporation is permitted to avail the revolving term loan by direct advances and/or bankers' acceptances. The revolving term loan is available at any time for a period of 364 days from commencement of the loan (the "Commitment Period"). The expiration of the current Commitment Period is June 30, 2001. However, the Corporation may request by April 15, 2001, and prior to April 15 in any calendar year thereafter, for a recommencement of the 10-year term at the expiry of the then current Commitment Period. No repayment of the principal amount outstanding pursuant to the revolving term loan is required during the first three years of the then applicable term. Thereafter, the loan balance shall be repaid in minimum monthly instalments of at least one-eighty-fourth of the amount of principal outstanding.

As at November 30, 2000, the Corporation has drawn $76.6 million against the available loan amount in the form of 7-day to 70-day bankers' acceptances at an effective interest rate of 6.23% per annum.

Security for the bank loans includes a specific claim over the management fees owing from the mutual funds (subject to the existing claims of related limited partnerships) for which the Corporation acts as manager and, depending upon the amount of the loan outstanding, an assignment of AGF's investments in 20/20 Financial and AGF International Company Limited.

(b) Notes payable due November 22, 2004

Amortizing 4-year notes payable relating to the acquisition of Global Strategy, repayable in equal annual instalments of $5.0 million. Interest is payable monthly based on the 30-day BA rate plus 0.40% per annum. Secured by irrevocable letters of credit from a Canadian chartered bank.

(c) Notes payable due April 30, 2013

Proceeds from notes payable issued to Multi-Fund Income Trust ("Multi-Fund") were used to pay sales commissions incurred on the sale of units of the Global Strategy funds purchased on a contingent deferred sales charge basis from July 30, 1997 to June 30, 1998.

The notes payable bear interest at 5% per annum accrued daily and payable monthly. Monthly repayments of interest and principal are required until the full principal amount of the notes is repaid or until April 30, 2013, whichever comes first. Monthly repayments are determined based on a specified percentage (up to 0.47% per annum) of the net asset value of mutual fund assets financed by Multi-Fund ("distributed securities"). Monthly repayments will also include all contingent deferred sales charges received by the Corporation related to distributed securities.

Multi-Fund has no recourse to any other assets of the Corporation to satisfy any amount payable in respect of the notes.

(d) Instalment payable due August 29, 2002

Instalment payable relates to the acquisition of AGF Magna Vista Private Investment Management Limited. It is non-interest bearing and unsecured.

(e) Loan notes due September 30, 2004

Loan notes are payable in British pounds. Interest is payable semi-annually at an interest rate that is reset semi-annually based on LIBOR.

11. Participation units

Proceeds from participation units issued to Multi-Fund were used to pay sales commissions incurred on the sale of units of the Global Strategy funds purchased on a contingent deferred sales charge basis from July 30, 1997, to June 30, 1998.

After the notes payable referred to in note 10(c) are repaid in full and prior to April 30, 2013, Multi-Fund will be entitled to up to 0.52% per annum of the net asset value of then outstanding distributed securities (together with all contingent deferred sales charges relating to the distributed securities, if any) under the terms of the participation fee agreement.

The participation units have been accounted for as a deferred credit. If the notes payable are repaid in full prior to April 30, 2013, the deferred credit will be amortized over the remaining period to that date. Otherwise, the entire amount will be recognized as revenue on April 30, 2013.

12. Interest rate swap and foreign exchange hedge transactions

The Corporation has entered into, for hedging purposes, three interest rate swap transactions (the "Swap Transactions") with a Canadian chartered bank. The Swap Transactions expire between October 28, 2007, and January 27, 2008. They involve the exchange of three-month bankers' acceptance floating interest rates for fixed interest rates of 5.47% to 5.56% per annum. As at November 30, 2000, the aggregate notional amount of the Swap Transactions was $68.8 million. The aggregate fair value of the Swap Transactions, which represents the amount that would be paid (received) by the Corporation if the transactions were terminated at November 30, 2000, was $(530,000).

To hedge its currency exposure in connection with its investment in U.K.-based NCL (Securities) Limited, an associated company, the Corporation has entered into a foreign exchange forward contract to sell U.K. £7,600,000 on April 17, 2001, at an exchange rate of 2.3225 for CDN $17,651,000. The fair value of the forward contract at November 30, 2000, has been included in the foreign currency translation adjustment.

13. Fair value of financial instruments

(a) Wealth Management Operations

	November 30, 2000		November 30, 1999	
(000's)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Short-term investments	$ 45,454	$ 45,190	$ 24,427	$ 24,741
Other investments	766	1,451	1,779	4,628
	$ 46,220	$ 46,641	$ 26,206	$ 29,369

The estimated fair value of securities with an available trading market is based on their quoted market value. Investments that have no trading market are valued based on management estimates using common valuation techniques.

Short-term investments include $40,293,000 (1999 – $23,100,000) in investments in various AGF Funds.

(b) Trust Company Operations

	November 30, 2000		November 30, 1999	
(000's)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Investments	$ 6,088	$ 5,962	$ 6,378	$ 6,018
Mortgages and consumer loans	157,150	156,977	131,753	129,569
	$ 163,238	$ 162,939	$ 138,131	$ 135,587
Deposits	$ 156,988	$ 156,933	$ 136,777	$ 135,415

The estimated fair value of securities with an available trading market is based on their quoted market value. The estimated fair value of loans and deposits is determined by discounting the future cash flow at prevailing interest rates for loans and deposits with similar terms and applicable credit risks.

As at November 30, 2000, the Corporation's mortgage and consumer loan portfolio was comprised substantially of fixed rate residential mortgages, of which $91.8 million is insured, with a weighted average term to maturity of 2.2 years and a weighted average yield of 7.85%. The carrying value of mortgages is net of an allowance for mortgage losses of $540,000 (1999 – $390,000). The carrying value of the consumer loans is net of an allowance for loan losses of $29,100 (1999 – $500).

As at November 30, 2000, deposits were comprised substantially of guaranteed investment certificates with a weighted average term to maturity of 2.0 years and a weighted average interest rate of 5.68%.

(c) Other financial assets and financial liabilities of the Wealth Management Operations and Trust Company Operations are recorded at cost, which approximates fair value.

14. Supplemental disclosure of cash flow information

Interest payments in 2000 were $11,343,000 (1999 – $10,628,000).
Income tax payments in 2000 were $14,730,000 (1999 – $8,439,000).

15. Subsequent event

On December 6, 2000, AGF issued 5,500,000 Class B shares at $25.00 per share. The net cash proceeds amounting to $131.7 million (gross proceeds of $137.5 million less share issue costs of $5.8 million) were used to fully repay the bridge loan and partially repay the revolving term loan (see note 10(a)).

AGF TRUST COMPANY

BALANCE SHEETS
(in thousands of dollars)

as at December 31		2000		1999
ASSETS				
Cash and short-term investments	$	25,091	$	11,244
Securities		6,100		6,290
Mortgages receivable		146,859		134,112
Consumer loans receivable		11,777		1,866
Accrued interest receivable		1,050		772
Accounts receivable		1,526		1,062
Income taxes recoverable		—		161
Deferred charges		895		832
Capital assets		69		133
Other assets		28		35
TOTAL ASSETS	$	193,395	$	156,507
LIABILITIES				
Deposits				
Demand deposits	$	3,583	$	1,506
Short-term deposits		12,774		3,991
Guaranteed investment certificates		154,187		130,898
		170,544		136,395
Accounts payable and accrued liabilities		4,596		3,899
Income taxes payable		677		—
Future income taxes		76		426
Deferred income		113		92
		176,006		140,812
SHAREHOLDER'S EQUITY				
Capital stock		9,700		9,700
Retained earnings		7,689		5,995
		17,389		15,695
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	193,395	$	156,507

Ten-Year Review

CONSOLIDATED TEN-YEAR REVIEW

	2000	1999	1998	1997
Operations ($000)				
Total revenue	**508,681**	356,703	288,822	236,759
Net income	**87,888**	61,710	48,777	40,489
Dividends	**14,092**	11,642	9,970	6,491
Financial Position ($000)				
Working capital (deficit)	**(86,045)**	55,348	40,186	30,903
Long-term debt	**278,051**	72,048	81,422	38,000
Shareholder's equity	**472,048**	284,244	233,383	192,173
Return on equity[1]	**23.2%**	23.8%	22.9%	21.1%
Per Share ($)[2]				
Net income – basic	**1.12**	0.80	0.64	0.55
Dividends	**0.18**	0.15	0.13	0.09
Book value	**5.68**	3.64	3.03	2.53
Mutual fund assets under administration ($000,000)	**28,903**	18,965	15,015	12,429

[1] For 1998-2000, net income as percentage of average shareholder's equity for the year. For 1991-1997, net income as percentage of shareholder's equity at end of year.

[2] All per share amounts have been restated to give effect to the share subdivision on a two-for-one basis on August 29, 2000.

1996	1995	1994	1993	1992	1991
178,993	87,628	79,938	58,475	42,912	37,645
22,403	16,896	15,898	9,905	4,900	4,755
6,272	6,159	3,916	3,395	2,886	2,881
5,476	84,638	67,455	74,219	12,936	14,121
60,000	72,950	72,950	72,950	22,950	22,950
115,565	62,366	52,164	39,976	33,237	31,114
19.4%	27.1%	30.5%	24.8%	14.7%	15.3%
0.37	0.34	0.33	0.21	0.10	0.10
0.10	0.13	0.08	0.07	0.06	0.06
1.85	1.26	1.06	0.82	0.69	0.65
10,075	4,471	4,076	3,636	2,273	1,658

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Glenn W. Cooper
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D'Arcy R. Doherty
President

MANAGEMENT TEAM:
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AGF Magna Vista Private Investment Management Limited
Joel Raby, CFA
President

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Lorne Steinberg, CFA
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Stock Exchange Listing

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Stock Symbol AGF.B

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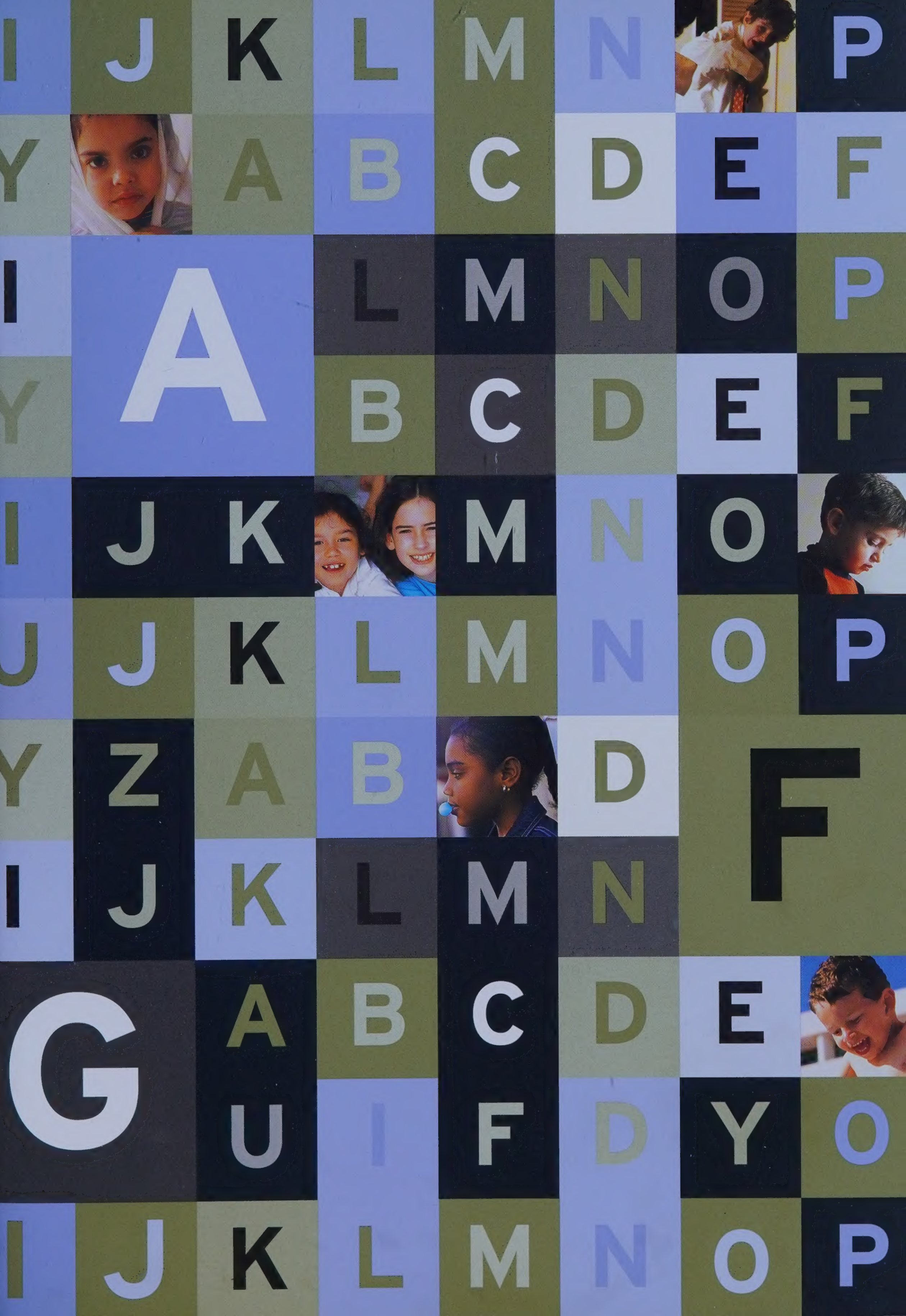
I J K L M N P
Y A B C D E F
I A L M N O P
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AGF was founded in 1957 with a handful of investors and one fund, our flagship American Growth Fund, which gave us the AGF name.

Today we manage total assets exceeding $34 billion and serve a growing network of financial advisors and more than one million investors. We offer Canada's most diversified family of investment products, with 77 domestic, global and specialty funds, as well as the AGF Harmony wrap program and AGF Magna Vista Private Investment Management.

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